

Message Text

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PAGE 01 STATE 133708
ORIGIN EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 H-01 /054 R

DRAFTED BY EA/EP:RIMUS AND TREAS:TBURKE:SMCP
APPROVED BY EB/IFD/ODF:JABWINDER
TREAS:ANACHMANOFF

-----100232Z 011105 /15

R 092106Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 133708

E.O. 11652; GDS

TAGS: EFIN, EAID, IBRD, ID

SUBJECT: IBRD LOAN FOR INDONESIA FOR SMALLHOLDERS NUCLEUS
ESTATES I

REF: A) STATE 85863, B) JAKARTA 5597

1. AT THE PRESENT TIME THE IBRD LOAN FOR SMALLHOLDERS
NUCLEUS ESTATES I IS SCHEDULED FOR BOARD CONSIDERATION
ON JUNE 23. (FYI: THIS LOAN WAS RECENTLY DELAYED UNTIL
JUNE 23 AT OUR REQUEST.)

2. AS EMBASSY IS AWARE, THE CONGRESS IS SENSITIVE TO
LOANS FOR PALM OIL BY THE IFIS, PARTICULARLY ONES TO
MAJOR EXPORTERS LIKE INDONESIA. THE MATHIS-MOORE
AMENDMENT IN THE HOUSE-APPROVED AUTHORIZING LEGISLATION
FOR EXAMPLE WOULD REQUIRE THE U.S. EXECUTIVE DIRECTOR
TO OPPOSE LOANS FOR PALM OIL, ALTHOUGH A LESS STRINGENT
AMENDMENT IS ALSO BEING PROPOSED ALLOWING BROADER
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DISCRETION. HENCE, BOARD APPROVAL AT THIS TIME COULD
EASILY HAVE ADVERSE EFFECTS FOR THE IFIS. THEREFORE, IT
WOULD BE IN GOI AS WELL AS U.S. INTEREST IF THIS LOAN
COULD BE POSTPONED FOR A WHILE UNTIL SITUATION IS
CLARIFIED. IT IS IN NEITHER OF OUR INTERESTS TO FORCE AN

EARLY DECISION.

3. EMBASSY IS THEREFORE REQUESTED TO APPROACH GOI AND, DRAWING ON ABOVE, URGE THEM TO POSTPONE THEIR FORMAL APPLICATION FOR THIS LOAN FOR AT LEAST A MONTH BUT POSSIBLY UNTIL THE EARLY FALL. BY THAT TIME THE LEGISLATIVE POSITION SHOULD BE CLARIFIED. IF THE GOI IS AGREEABLE TO SUCH A DELAY, YOU MAY INFORM THEM THE U.S. WILL SUPPORT THE LOAN WHEN IT COMES BEFORE THE BANK FOR APPROVAL ASSUMING, OF COURSE, IT MEETS NORMAL IBRD LOAN CRITERIA. WE REALIZE POSTPONEMENT MAY POSE SOME PROBLEMS FOR THE GOI; CONSEQUENTLY, YOU MAY INFORM THEM WE WOULD BE PREPARED TO SUPPORT AN INDONESIAN INITIATIVE TO HAVE THE IBRD MOVE UP CONSIDERATION OF AN ALTERNATE LOAN FOR INDONESIA THIS FISCAL YEAR. IBRD CONSIDERATION OF PALM OIL PROJECT COULD OCCUR SHORTLY SO IT IS ESSENTIAL THAT THE GOI APPROACH THE BANK ON AN URGENT BASIS.

4. WE ARE NOTIFYING IBRD MANAGEMENT OF APPROACH WE ARE MAKING TO GOI. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, OILS, LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Expiration:
Film Number: D770206-1170
Format: TEL
From: STATE
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770672/aaaacfp.tel
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Litigation History:
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Original Previous Classification: n/a
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